

SDEBoo8 Онлайн маркетинг за услуги (Online Marketing in Service)

SERVICE BRANDING (by Kevin Keller)

The importance of services

- The services sector has become **a dominant force in the economy of many Western countries and has created a wealth of new jobs**: in 2000, over 76% of employee jobs were held within the services sector. The services sector has not only spurred economic growth; it has also challenged the traditional approach of doing business by creating revolutionary service solutions. Innovative entrepreneurs have set new standards of service quality in markets where their competitors failed to please today's demanding customers.
- In the airline industry, for example, EasyJet has questioned the assumption that all travellers are prepared to pay for a meal and drinks during their flights. The company has identified a segment of price-sensitive travellers torn between the punctuality of business airlines and the low prices of charter flights. It has then offered these travellers a welcome compromise of punctual no-frills flights at lower prices.

Dramatic global trends

- **Computerization and technical innovation**, especially in telecommunications, enabled companies to establish service brands by radically innovating the way they do business with consumers.
- **Changes in consumers' lifestyles** have also affected service provision within developed countries.
- The changes in the services sector have also caused many manufacturing companies to create **service profit-centres** which operate independently from their parent companies.
- The use of **franchising agreements** and **the worldwide trend to remove trade barriers** have allowed many service businesses to profit from increased globalization of their operations. Service providers such as airlines, hotel chains and car rental firms are able to deliver their services internationally through distribution systems owned by local investors.
- Factors such as **deregulation and increased competition**, which led to the changes in the insurance industry, also affected other financial services sectors.

The challenge of services branding

- Service-based brands are characterized by **multiple interactions** as consumers frequently have to talk with several people in a service firm.
- **Each interaction gives a message** about the brand.
- The specific nature of services requires more **tailoring to suit** different consumers and that goods branding principles cannot be directly transferred to services without any adaptation.
- According to the traditional view of goods branding, **a brand is a set of differentiated perceptions**. The brand strength depends on the extent to which these perceptions are consistent, positive and shared by all consumers.

THE CHALLENGE OF SERVICES BRANDING

- **High-quality top management** - The commitment of high calibre management is fundamental to guarantee excellent service brand delivery.
- **Vision** - All employees need to understand and be committed to the brand vision. Long-term rather than short-term plans are required to ensure the development of meaningful relationships with consumers.
- **Results driven** - The vision should be translated into clearly defined goals for all staff.
- **Competitiveness** - The company should benchmark its performance against best practice, both inside and outside the sector.
- **Use of technology** - Effective exploitation of new technologies is a fundamental source of sustainable competitive advantage.
- **Consumer focus** -The consumer needs to be regarded as central to everything the organization does.

THE EXPERTS AND A MANAGEMENT JOURNALIST INTERVIEWED

- The “cogwheel” reflects the fact that within the process, it was found that feedback resulted in closed loop planning. While the majority of respondents viewed brand building as a planned process, there was a small minority who spoke of coincidence, luck and post-rationalization. These elements should certainly be taken into account as in any walk of life, as should the fact that not all brands will go through the stages in the same order, or will go through every single stage.

THE COGWHEEL MODEL

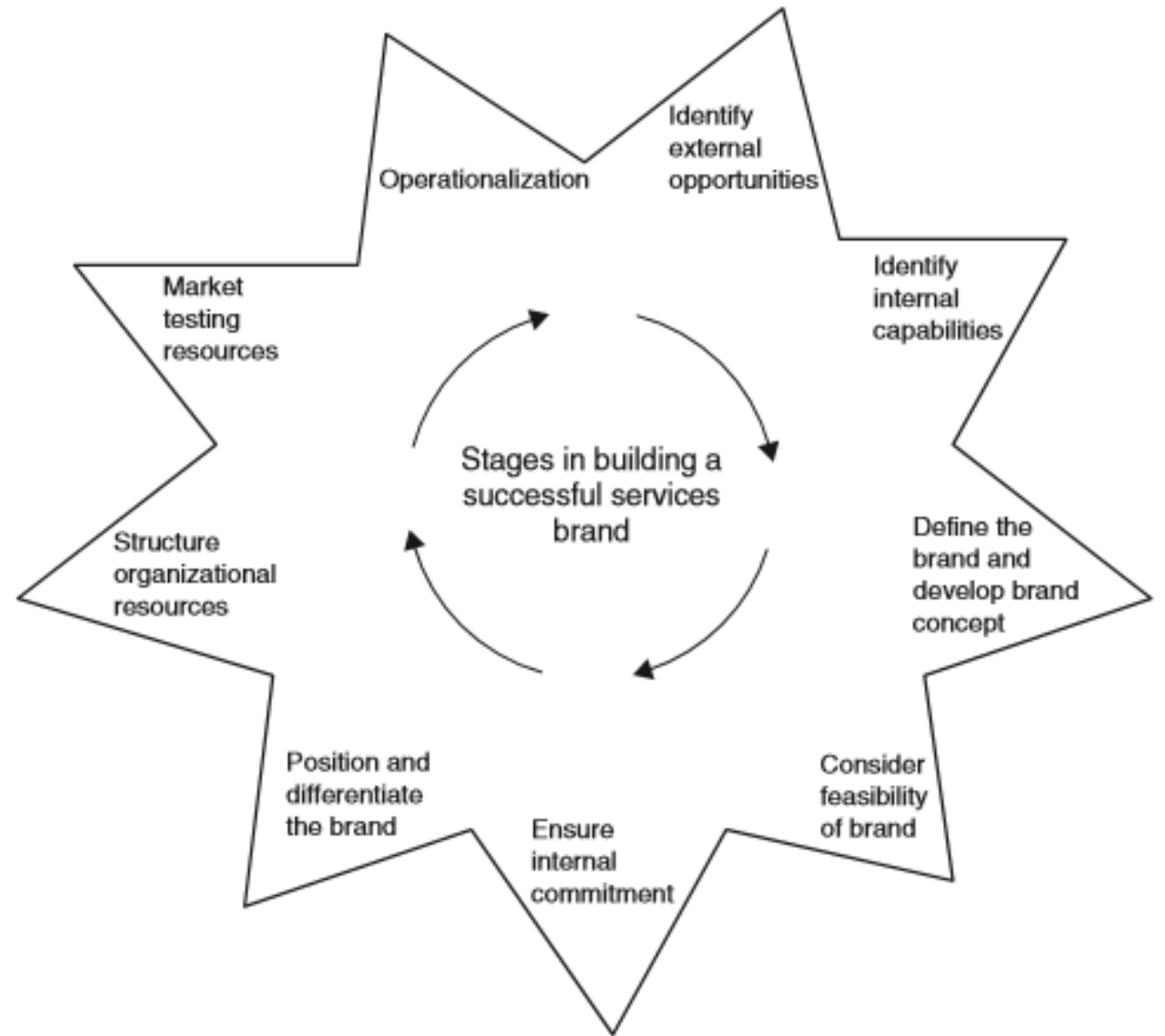


Figure 6.1 *The cogwheel model for building and sustaining services brands (de Chernatony et al. 2003)*

THE ELEMENTS /1

- **Identify external opportunities.** - Initially, a market opportunity must be identified. Extensive research (both qualitative and quantitative) is useful, encompassing competitors, resource availability, supply and demand, cost-benefit analysis, the political and economic environment and current segmentation within the sector.
- **Identify internal.** - The identification of the organization's key competencies is essential and benchmarking may be used to facilitate this.
- **Define the brand.** - The brand concept is developed, which may involve the use of creative judgement, visual representations, symbolic representations and language. It may be helpful to identify the 'brand essence', the meaning of the brand expressed in just a few words. Another possibility is that the brand may be defined in terms of values and consumer beliefs.

THE ELEMENTS /2

- **Consider feasibility of brand.** - Practical considerations such as scale, timing and the firms' existing track record will need to be taken into account. A key issue at this stage is the availability of financial resources.
- **Ensure internal commitment.** - There needs to be genuine belief in the services brand throughout the organization. If employees 'live the brand', the brand's values will be more effectively communicated to the consumer. This is closely linked to the nature of the organization's culture and a strong inclusive culture will be more likely to foster internal commitment.
- **Positioning and differentiation.** - This allows the services brand to gain a meaningful competitive advantage over its competitors, and to appear unique to the consumer.

THE ELEMENTS /3

- **Structure organizational resources.** - In a services context, the most important organizational resource will almost always be staff. It is important that the right people are recruited and are then trained in the most effective way. As well as considering the skills and abilities of staff, however, it is also important to factor in personalities. As an interaction between individuals, the service encounter will be strongly influenced by the personalities of both the consumer and the service employee. Also important is staff motivation – examples of techniques used include giving employees a share in the organization or attempting to imbue staff with genuine excitement about the brand.

THE ELEMENTS /4

- **Market testing.** - As service brands inherently involve public exposure, there is a need to pilot test and fine-tune the brand prior to full service roll-out. Unlike with goods brands, it is very difficult to perfect the brand behind closed doors.
- **Operationalization.** - Communications and delivery often merge at this stage in a services context. It is vital to have a consistent, strong brand message across all media. Staff views on brand communications need to be taken into account, as it is the staff who will ultimately be delivering the promises being made and the service delivery process must match or indeed even exceed the brand promise.

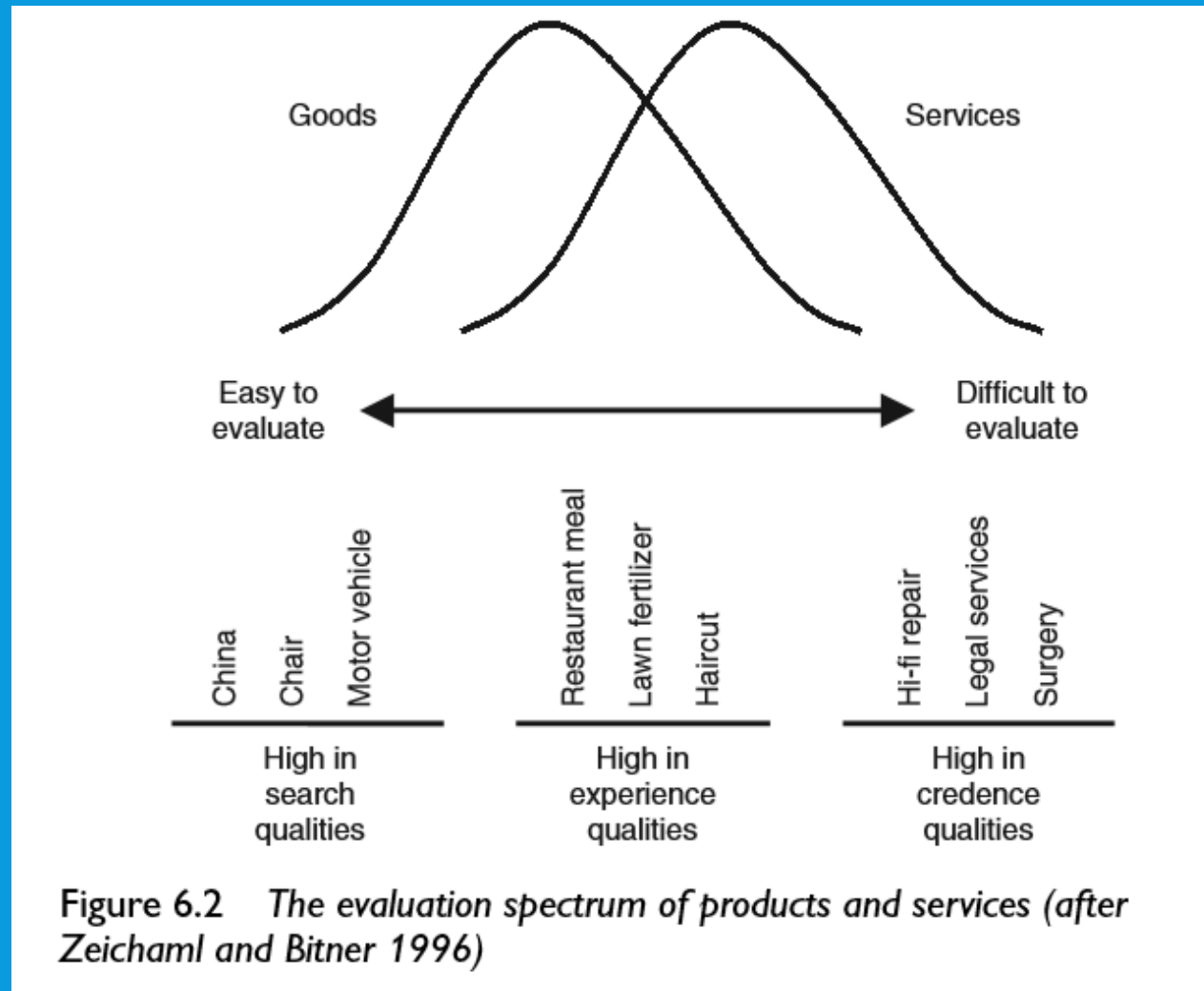
THE DISTINCTIVE NATURE OF SERVICES

- To build strong brands in the services sector, a better understanding of the differences between goods and services can help brand managers to fine-tune branding principles. The following factors encompass the main differences between goods and services and help highlight the implications for service brands.
- **A goods can be described as 'an object', whereas a service is a performance.** Marketing a performance is different from marketing a physical object. When consumers rent a car, for instance, while they are interested in a specific model they are strongly influenced by other factors such as the rental firm's office hours, the reservation system and the kind of people serving them. Although the service performance often involves tangible elements, such as the car and insurance documents, much of it is intangible in nature and its performance comes to life through the actions of service personnel.
- **The service brand implications are that all employees must deliver the service in a way which is consistent with the brand promise.** Some organizations, such as McDonalds and Disney, have highly regarded staff training centres and sophisticated systems to ensure consistent service delivery.

INTANGIBILITY

- Services cannot be felt, tasted, touched or seen in the same way as goods; however, there are always some tangible components which help consumers evaluate services.
- On a flight, for example, the total service experience is an amalgam of many disparate components, such as the experience at the airport, the nature of the service on board and the in-flight entertainment. **There are clearly many tangible elements during the flight but this is hardly comparable with buying a television or a suit, where the total product can be seen, examined and evaluated.**
- Consumers are reassured about service quality through tangible elements. For instance, they may infer the quality of a legal firm through knowledge of its size, its track record and its location. **Companies using distinctive logos and physical facilities to build a strong corporate identity are helping consumers appreciate the characteristics of their service brand.**

GREATER DIFFICULTY EVALUATING SERVICES /1



GREATER DIFFICULTY EVALUATING SERVICES /2

- As shown in Figure 6.2, there are those offerings which are high in **'search qualities'**, that is, attributes consumers can identify and assess before making a decision. These include price, size, shape, colour, smell and feel. Physical goods are typically high in search qualities.
- A second category of offerings are those which are characterized by **'experience qualities'** since the differentiating attributes can best be evaluated while being used – for example, having a meal in a restaurant or having a holiday using a particular tour operator.
- The third category, typifying numerous services, covers those offerings high in **'credence qualities'** where consumers have insufficient knowledge to fully evaluate these services, even after being consumed.

GREATER DIFFICULTY EVALUATING SERVICES /3

- Organizations need to assess the position of their services on the evaluation spectrum when designing effective communication strategies to help consumers evaluate service brands. **The difficulties consumers have evaluating services forces them to rely on any available clues and processes.** Thus, while the lawyer may be extremely qualified, the abrupt secretary may strongly influence the potential client's perceptions.
- For service brands which are high in search qualities, a popular strategy involves encouraging consumers to recommend the brand to other customers through promotions such as 'Introduce a friend and you will receive a present'. **Word-of-mouth acts as a credible source of information.** For service brands high in experience qualities, demonstrations of the service help people make judgements.
- Service brands high in **credence qualities present the need to communicate more creatively the brand's qualities.**

GREATER DIFFICULTY EVALUATING SERVICES /4

- Brands which are high in credence values should convey a strong message of trust, almost along the lines of 'Don't even think about whether it will be good – of course it will. Just trust us. Now relax and enjoy the service.'
- The work of Srinivasan and Till (2002) effectively demonstrates how brand names can influence consumers' evaluation of the search, experience and credence attributes of an offering, and how this is moderated by **product trial**. They found that consumers view well-established brands as being of a higher quality than generics, but that this effect is reduced when consumers have had trial opportunities.
- Before trial, established brands were viewed more positively than generics on experience and credence attributes, but not on search attributes. **Trial moderated this advantage in terms of experience attributes, but consumers' evaluations of credence claims remained unchanged in favour of established brands.**

HETEROGENEITY /1

- Since **services are predominantly performed by people**, it is more difficult to ensure that the same standard of service will be delivered by two different people in the same firm. Staff, who represent the service in the eyes of consumers, may not only deliver the service differently between each other, but the service may differ from day to day.
- For example, a member of the cabin staff on a long haul-flight may provide different service levels between the outward and return flights because of the extent to which they have adjusted to the various time zones.
- The perceptions of **the service quality may also vary because consumers differ in their individual demands, expectations and their own assessment criteria.**

HETEROGENEITY /2

- Many organizations try to standardize staff performance through careful planning, control and almost automation. While they achieve a high degree of homogeneity in service delivery, they increase the risk of being inflexible and their staff may react poorly to unforeseen problems.
- Some organizations regard heterogeneity as an opportunity for strengthening their brand **by customizing their service to better serve the needs of individual consumers through greater empowerment.** If organizations follow the latter approach of empowering their staff, they need to shape their employee relations and their internal communication channels to motivate and retain these customer-focused employees.

CONSISTENCY OF QUALITY

- Whether goods meet quality standards can be checked before they leave the supplier, whereas **the quality control of services needs to be assessed when consumers come in contact with staff and this is more problematic to check.** The implication for service brands is that staff training needs particular attention, as every member of staff plays a major role in ensuring the quality of the service.
- **Regular training 'refreshers' are useful in ensuring that staffs are continually providing a high service.** Furthermore, organizations need to place more emphasis on closer collaboration between staff so they can learn from each other's experiences and build on best practice.

INVOLVEMENT OF CONSUMERS

- **Consumers are often actively involved in creating the service, either by undertaking a lot of the service themselves**, as in a launderette, or by cooperating with the staff, as in a hair salon. Consequently, it is important that consumers are made aware of the roles they are expected to undertake as they can affect the service delivery.
- For example, consumers at Prêt-à-Manger are expected to get their own sandwiches and pay at the service counter, whereas in a Little Chef restaurant they need to take a seat and wait to be served.
- **Consumers need to be informed** about changes in the nature of a service, which affect the role they play in the service delivery process.

IMPORTANCE OF EMOTION AND MOOD

- There is now an increasing acceptance of **the importance of emotion and mood within a services context**. As the service encounter is essentially an interpersonal interaction, it follows that emotion and mood as vital factors in human relationships play a significant role.
- Mattila and Enz (2002) considered the effect of emotion and mood in consumers' responses to brief, non-personal service encounters, specifically interactions between service staff and consumers at the front desks of a number of first-class hotels.
- They found that **the consumer's mood immediately prior to the service encounter and the emotions displayed by the consumer during the service encounter** (measured using facial expressions, bodily gestures, tone of voice and body language) were strongly linked to **the consumer's eventual assessment of the service encounter and the organization in general**.

SIMULTANEOUS PRODUCTION AND CONSUMPTION

- While goods are generally produced then sold and finally consumed, **most services are sold first, then simultaneously produced and consumed.**
- The consumer is present while the service is being produced and needs to participate in the production process. This presents an opportunity to influence customers' perception of the service during its delivery since, through close contact, staff can better sense consumers' views and either amend their approach, or suggest to consumers how their own actions can improve the outcome.
- For example, a waiter at a buffet breakfast in a hotel seeing a look of dissatisfaction when the toaster burns the toast, stops to show the guest how to adjust the toaster.

CONSUMER-TO-CONSUMER CONTACT

- Services can be characterized by the degree to which **consumers come in contact with other consumers** – for example, minimal contact in legal services yet high consumer–consumer contacts in the economy section of a flight. In service brands, consumers' appreciation and enjoyment may be adversely affected not only by the poor performance of the service provider, but also by their contact with other consumers.
- **Brands which are designed to appeal to different consumer segments need systems to ensure they are kept separated.** For example, curtains separate business travellers from tourists in the economy class of most airlines. Furthermore, consumers within some segments may wish to reduce their contact with other consumers.

PERISHABILITY /1

- Unlike goods, **a service brand cannot be stored**. An hour of an accountant's time which is not used cannot be reclaimed and used later. This perishability highlights the importance of synchronizing supply and demand. Likewise, sudden increases in the numbers of consumers, such as people arriving at a restaurant at the end of a cinema performance, are difficult to satisfy because there is no 'inventory' available for back up.
- Service organizations need strategies to cope with fluctuating demand or to smooth demand to match capacity more closely. Failure to address this problem not only leads to increased costs and lost revenues, but also to weakened brands. Long queues at checkouts can ruin the brand image of a supermarket chain, unless ways are found either to reduce waiting times or to entice consumers to shop at off-peak periods.

PERISHABILITY /2

- Associated with the fact that services cannot be stored is the issue that many services are bought long before they are experienced, as with pensions. Thus, many service brands face a double challenge: first, **they need to develop an image and a reputation to attract consumers;** secondly, **they must then retain these consumers, as competitors try to attract them away, even though they have yet to experience the actual service.**

CRITICALITY OF TIME /1

- For most services, **consumers are prepared to wait only for a limited time before receiving the service.** Since organizations cannot always ensure any waiting time, they need to find the best compromise to satisfy consumers.
- When queues do occur, companies should first analyse the operational processes and possibly redesign them to remove any inefficiencies. If the queues are inevitable, long waiting times can be alleviated through a reservation system, for example in dentists. A pleasant and efficient receptionist can help shift demand to off-peak times. Another strategy is to differentiate between consumers according to their importance or the urgency of their requests.

CRITICALITY OF TIME /2

- As a last resort, consumers' tolerance of queues can be increased by making the waiting time enjoyable, or at least more tolerable, through such actions as:
- **Entertaining consumers** - Company switchboards often play music when they put callers on hold. Some theme parks have videos to occupy guests as they wait their turn on a ride.
- **Starting the process** - Reading a menu in a restaurant or filling out medical forms at the doctor's surgery are perceived as activities which are part of the service and not waiting time.
- **Reassuring consumers** - That they are waiting for the right service, for instance signposts in an airport which point out which flights are being checked in by the specific lane.

CRITICALITY OF TIME /3

- **Informing consumers** - When they will be served or at least reassuring them that they have not been forgotten. For example, when someone is 'on hold' in a telephone queue, stopping the music every 30 seconds to play a message apologizing for the delay and explaining that the staff are busy but that they are aware the caller is waiting.
- **Explaining** - The reasons for the delay, for example through automatically updated arrival-screens in airports and railway stations.
- **Establishing a first-come first-served rule** - The allocation of waiting numbers to consumers helps avoid jostling. Nevertheless, consumers are prepared to accept apparent inequality in exceptional cases, such as hospital emergencies.

CONSISTENT SERVICE BRANDS THROUGH STAFF /1

- Even though the service organization may have developed a well-conceived positioning for their brand and devised a good communication program, the brand can still flounder because of insufficient attention to the role the staff play in producing and delivering the service.
- In particular, the following factors can compromise the success of the brand:
 - **ineffective recruitment;**
 - **conflict in the duties staff are required to perform;**
 - **poor fit between staff and technology.**

CONSISTENT SERVICE BRANDS THROUGH STAFF /2

- Furthermore, as the quality and process of every service performance can vary and often requires the involvement of several employees, empowering employees and building a culture based on teamwork is likely to enhance consumer satisfaction. Staff embody the service brand in the consumer's eyes.
- In many cases **the service staff are the only point of contact for the consumer and by thoroughly training staff and ensuring their commitment to the brand, its chance of succeeding are greater.**
- It must be recognized that despite best intentions, not every consumer will experience the service encounter positively every time. At this point, the organization's effects at 'service recovery' become vital and will determine whether the consumer abandons or stays with the brand and may prevent any potentially damaging negative publicity. The 'recovery paradox' is the name given to the phenomenon of dissatisfied consumers being so impressed by the service recovery they experience, that they become even more loyal and satisfied than they were originally.

CONSISTENT SERVICE BRANDS THROUGH STAFF /3

- Once a consumer has experienced some form of service failure, there are a number of key factors important in effective service recovery:
- **Fairness** - A basic expectation of consumers is that they should be treated in a fair manner.
- **Promptness** - If the organization 'drags its feet', consumers will only become more annoyed.
- **Accountability** - Consumers should be provided with and informed about appropriate channels for any complaints staff embody the organization in the customer's eyes
- they may have. These should be easy to access and use, and consumers should feel that the organization welcomes their feedback.
- **Learning** - The organization should be prepared to use a service failure situation positively, in that they learn from the experience and take steps to prevent it recurring.

CONSISTENT SERVICE BRANDS THROUGH STAFF /4

- Also, the staff of a service organization can positively enhance the perception consumers have of the service quality through their:
- **Reliability** - For example, Lufthansa pilots strive to ensure that their brand has an outstanding track record of punctuality.
- **Responsiveness** - A member of cabin staff may be sympathetic to the family who have been split up on their flight and take the initiative to enable them to sit together.
- **Assurance** - While the plane is kept waiting before taking off, the pilot informs travellers of the reason, the expected length of delay and that all is being done to minimize the delay.
- **Empathy** - Cabin staff may show empathy by comforting a crying child who is flying for the first time.
- **Appearance** - The uniform worn by the Alitalia crew is perceived as particularly elegant and fashionable as some travellers recognize that it is designed by Armani.

CONSISTENT SERVICE BRANDS THROUGH STAFF /5

- To ensure staff are willing and able to deliver high-quality services, organizations should motivate their staff and encourage customer-orientation culture by considering the following:
- **Recruit the right people** - Successful companies such as Hewlett Packard or Microsoft are regarded as preferred employers. The brands of the major consultancy firms are built on their policy of hiring only the best people. Some firms explore the values of potential staff to assess whether these are similar to the values of their firm.
- **Train staff to deliver service quality** - The consistency of the McDonald brand is ensured by the formal education employees undergo at the famous 'Hamburger University'. Furthermore, staff need to regard each other as internal customers within the service process, enhancing the quality of the brand through teamwork and cooperation.

CONSISTENT SERVICE BRANDS THROUGH STAFF /6

- **Provide support systems** - Appropriate technology and equipment are essential to support staff in delivering quality service. For example, bank clerks need to have easy and fast access to upto-date customer records if they are to deliver accurate and prompt customer service.
- **Retain the best people** - Although many organizations are aware of the importance of recruiting the best people, there are instances where firms do not put as much effort into retaining them as they could do. A high staff turnover usually translates into low consumer satisfaction and poor service quality. In order to retain their employees, organizations need to involve them in the company's decision-making process and devote as much attention to them as to their customers. Moreover, they should reward employees for good service delivery through financial and non-financial measures, such as McDonald's scheme 'The employee of the month'.

SERVICE BRANDS WITH THE OPTIMUM CONSUMER

PARTICIPATION /1

- **The way consumers evaluate a service brand depends largely on the extent to which they participate in the delivery of the service.**
- If the service performance requires a high degree of consumer involvement, it is vitally important that consumers understand their roles, and are willing and able to perform their roles, otherwise their inevitable frustration will weaken the brand.
- Consumers can be regarded as productive resources and even as partial employees of the service organization, or 'co-producers', because they provide effort, time and other input for the performance of the service. They are also contributors to the quality and value of the service thereby influencing their assessments about the service brand. **Consumers who believe they have played their part well in contributing to the service tend to be more satisfied.**

SERVICE BRANDS WITH THE OPTIMUM CONSUMER

PARTICIPATION /2

- To involve consumers in the service-delivery process, organizations can implement different strategies which are based on the following three factors:
 - **defining the role of consumers;**
 - **recruiting, educating and rewarding consumers;**
 - **managing the consumer mix.**
- Effective consumer participation may require that consumers go through a process similar to a new company employee – a process of recruitment, education and reward.